

Settlement Date and Time:
December 28, 2000
at 12:00 p.m.

Gerald C. Bender (GB-5849)
Lawrence A. First (LF-9650)
FRIED, FRANK, HARRIS, SHRIVER
& JACOBSON
(A Partnership Including
Professional Corporations)
Attorneys for Debtors
and Debtors-in-Possession
One New York Plaza
New York, New York 10004
(212) 859-8000

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - x
In re: : Chapter 11
: Case Nos. 00 B 41065 (SMB)
RANDALL'S ISLAND FAMILY GOLF : through 00 B 41196 (SMB)
CENTERS, INC., et al., :
: (Jointly Administered)
Debtors. :
:
- - - - - x

NOTICE OF SETTLEMENT OF STIPULATION AND ORDER
RESPECTING THE ASSUMPTION AND ASSIGNMENT OF
GROUND LEASE AND OPTION DATED MAY 15, 1997 BY
AND BETWEEN GOLF REAL ESTATE, INC. AND EAGLE
QUEST GOLF CENTERS (TEXAS), INC.

PLEASE TAKE NOTICE that the above-captioned debtors and
debtors-in-possession (the "Debtors") having filed a motion (the
"Sale Motion"), dated July 19, 2000, seeking, among other relief,
an order authorizing and approving the assumption, sale and
assignment of the Lease (as defined in the accompanying
stipulation and order (the "Order")), and the lessor with respect
to the Lease (the "Lessor") having filed an objection to the Sale
Motion, and the Debtors and the Lessor having agreed to enter
into a stipulation to settle the issues relating to the

assumption, sale and assignment of the Lease, the undersigned will present for settlement and signature the Order, pursuant to Rule 9074-1(a) of the Local Rules for the United States Bankruptcy Court for the Southern District of New York, to the Honorable Stuart M. Bernstein, United States Bankruptcy Judge, in his Courtroom at the United States Bankruptcy Court, Alexander Hamilton Customs House, One Bowling Green, New York, New York 10004, on December 28, 2000 at 12:00 p.m. (the "Settlement Date").

PLEASE TAKE FURTHER NOTICE that comments and/or objections to the Order, together with a counterproposed order, if any, must be (a) in writing, (b) received in the Bankruptcy Judge's chambers and (c) served upon (i) counsel for the Debtors, Fried, Frank, Harris, Shriver & Jacobson, One New York Plaza, New York, New York 10004 (Attn: Gerald C. Bender, Esq.) (ii) counsel for the Official Committee of Unsecured Creditors, Berlack, Israels, Liberman, LLP, 120 West 45th Street, New York, New York 10036 (Attn: Edward S. Weisfelner, Esq.), (iii) counsel for the Lessor, Pollicoff, Smith & Remels, LLP, One Greenway Plaza, Suite 300, Houston, Texas 77046-0102 (Joseph P. Witherspoon, III, Esq.), (iv) counsel for Klak Golf, LLC and Klak Golf Prime, LP, Jones, Day, Reavis & Pogue, 77 West Wacker Drive, Chicago, Illinois 60601-1692 (Attn: Richard Chesley), (v) counsel to The Chase Manhattan Bank, Morgan, Lewis & Bockius, 101 Park Avenue, 40th Floor, New York, New York 10178 (Attn: Richard S. Toder, Esq.), and (vi) the Office of the United States Trustee, 33 Whitehall Street, New York, New York 10004 (Attn: Brian

Masumoto, Esq.), together with proof of service thereof, such that they are received no later than one day prior to the Settlement Date. Unless comments and/or objections and a counterproposed order are received one day prior to the Settlement Date, the Order may be signed.

Dated: New York, New York
December 21, 2000

FRIED, FRANK, HARRIS, SHRIVER
& JACOBSON
(A Partnership including
Professional Corporations)
Attorneys for Debtors and
Debtors-in-Possession
One New York Plaza
New York, New York 10004
(212) 859-8000

By: /s/ Gerald C. Bender
Gerald C. Bender (GB-5849)

355991

To:

Brian Masumoto
Office of the United States
Trustee
33 Whitehall Street
21st Floor
New York, NY 10004

Richard S. Toder, Esq.
Morgan, Lewis & Bockius
101 Park Avenue
40th Floor
New York, NY 10178

Edward S. Weisfelner, Esq.
Berlack, Israels & Liberman
LLP
120 West 45th Street
New York, NY 10036

Pollicoff, Smith & Remels, LLP
Attorneys for Golf Real
Estate, Inc. and Golf
Operations, Inc.
One Greenway Plaza - Suite 300
Houston, Texas 77046-0102

Jones, Day, Reavis & Pogue
Attorneys for Klak Golf, LLC
and Klak Golf Prime, LP
77 West Wacker Drive
Chicago, Illinois 60601-1692

Gerald C. Bender (GB-5849)
Lawrence A. First (LF-9650)
FRIED, FRANK, HARRIS, SHRIVER
& JACOBSON
(A Partnership Including
Professional Corporations)
Attorneys for Debtors
and Debtors-in-Possession
One New York Plaza
New York, New York 10004
(212) 859-8000

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - x
In re: :
: Chapter 11
RANDALL'S ISLAND FAMILY GOLF : Case Nos. 00 B 41065 (SMB)
CENTERS, INC., et al., : through 00 B 41196 (SMB)
: (Jointly Administered)
Debtors. :
:
- - - - - x

STIPULATION AND ORDER RESPECTING THE
ASSUMPTION AND ASSIGNMENT OF GROUND LEASE
AND OPTION DATED MAY 15, 1997 BY AND
BETWEEN GOLF REAL ESTATE, INC. AND EAGLE
QUEST GOLF CENTERS (TEXAS), INC.

WHEREAS, on May 4, 2000 (the "Filing Date"), each of
the above-captioned debtors and debtors-in-possession
(collectively, the "Debtors") filed with this Court a voluntary
petition for relief under chapter 11 of the Bankruptcy Code. By
order of this Court dated as of the Filing Date, the Debtors'
chapter 11 cases are being jointly administered. Pursuant to
sections 1107 and 1108 of the Bankruptcy Code, the Debtors are
continuing to operate their businesses and manage their
properties as debtors-in-possession;

WHEREAS, on or about May 15, 1997, Golf Real Estate,
Inc. ("GRE"), as landlord, and Eagle Quest Golf Centers (Texas),

Inc., one of the above-captioned debtors and debtors-in-possession ("Eagle Quest"), as tenant, entered into a lease (the "Lease") with respect to certain non-residential real property located in Kingwood, Texas (the "Leased Property");

WHEREAS, on July 19, 2000, the Debtors filed a motion seeking, among other relief, an order authorizing and approving the assumption, sale and assignment of the Lease (the "Sale Motion");

WHEREAS, on July 28, 2000, GRE and Golf Operations, Inc. ("GOI" and together with GRE, "Golf") filed an objection to the Sale Motion (the "Objection");

WHEREAS, on August 1, 2000, the Debtors and Klak Golf, LLC ("Klak Golf") entered into a Sale Agreement (the "Sale Agreement"), which, among other things, provided to Klak Golf the right to designate the assignee of the Lease (the "Designation Right");

WHEREAS, on July 31 and August 14, 2000, hearings were held to consider approval of the Sale Motion, and on September 7, 2000, the Court entered an order approving the Sale Agreement;

WHEREAS, Klak Golf having exercised the Designation Right in accordance with the Sale Agreement and designated the Lease to be assumed and assigned to Klak Golf Prime, LP (the "Assignee" and together with Klak Golf, "Klak"), a wholly-owned entity of Klak Golf;

WHEREAS, on October 12, 2000, Golf filed an amendment to the Objection; and

WHEREAS, the Debtors, Golf and Klak have agreed to settle the issues relating to the sale and assignment of the Lease, including with respect to curing defaults and adequate assurances of future performance, upon the terms set forth herein.

Accordingly, it is hereby stipulated and ordered that:

1. The Debtors are authorized to assume the Lease and assign the Lease to the Assignee.

2. Golf agrees to withdraw the Objection and consent to the assumption of the Lease by Eagle Quest and assignment of the Lease to the Assignee.

3. Golf agrees that the Assignee has provided adequate assurance of future performance under the Lease in accordance with section 365(b)(1) and 365(f)(2)(B) of the Bankruptcy Code.

4. In satisfaction of any and all claims which Golf may have, or hereafter have, against the Debtors and/or its affiliates, whether arising under the Lease or otherwise, the Debtors agree to pay within five (5) business days of this Stipulated Order having been entered and become a final order:

A. \$137,500 to Golf; and

B. all obligations relating to real property taxes and maintenance fees arising under the Lease accrued on or before October 5, 2000, including:

(i) all real property taxes due and payable to the City of Houston (collected by

- Harris County Tax Assessor-Collector)
for 1999, plus applicable penalties and
interest;
- (ii) all real property taxes due and payable
to the City of Houston (collected by
Harris County Tax Assessor-Collector)
due and payable for 2000, prorated
through October 5, 2000;
 - (iii) all real property taxes due and payable
to Montgomery County, Texas, New Caney
Independent School District, North
Harris Montgomery County College,
Emergency Service District, and
Montgomery County Hospital District
(collected by Montgomery County, Texas
Tax Assessor-Collector) due and payable
for 1999, if any, plus applicable
penalties and interest;
 - (iv) all real property taxes due and payable
to Montgomery County, Texas, New Caney
Independent School District, North
Harris Montgomery County College,
Emergency Service District, and
Montgomery County Hospital District
(collected by Montgomery County, Texas
Tax Assessor-Collector) due and payable

for 2000, prorated through October 5, 2000; and

- (v) the maintenance fee due and payable to Kingwood Place West Community Association for 1999, plus applicable penalties and interest.

5. In connection with the assignment of the Lease to the Assignee, Klak agrees to pay:

- A. all obligations relating to real property taxes and maintenance fees arising under the Lease accrued on or after October 6, 2000 as they become due and payable under the Lease; and
- B. all future contingent payments referenced in the Lease.

6. Upon payment of the amounts specified in paragraph 4 above, Golf waives and releases any and all claims they have, or in the future may have, against the Debtors and/or its affiliates.

7. No provision in this Stipulated Order shall alter or limit in any manner the obligations of Klak or the Debtors arising under the Sale Agreement.

8. Upon entry of this Stipulated Order, the Debtors are authorized to pay the amounts specified in paragraph 4 above from the proceeds of the Sale Agreement.

9. The Bankruptcy Court shall retain jurisdiction to resolve any disputes between the parties arising with respect to this Stipulated Order.

10. This Stipulated Order may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

11. This Stipulated Order may not be amended or modified except by further order of this Court.

Dated: New York, New York
December 21, 2000

FRIED, FRANK, HARRIS, SHRIVER
& JACOBSON
(A Partnership including
Professional Corporations)
Attorneys for Debtors and
Debtors-in-Possession
One New York Plaza
New York, New York 10004
(212) 859-8000

By: /s/ Gerald C. Bender
Gerald C. Bender (GB-5849)

POLLICOFF, SMITH & REMELS, LLP
Attorneys for Golf Real Estate, Inc.
and Golf Operations, Inc.
One Greenway Plaza - Suite 300
Houston, Texas 77046-0102

By: /s/ Joseph P. Witherspoon III
Joseph P. Witherspoon III

JONES, DAY, REAVIS & POGUE
Attorneys for Klak Golf, LLC
and Klak Golf Prime, LP
77 West Wacker Drive
Chicago, Illinois 60601-1692

By: /s/ Richard Chesley
Richard Chesley

SO ORDERED

this ____ day of December, 2000

UNITED STATES BANKRUPTCY JUDGE